

Message Text

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ACTION EUR-12

INFO OCT-01 AF-10 EA-07 IO-13 ISO-00 CIAE-00 DODE-00
PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01
PRS-01 SP-02 SS-15 USIA-06 AID-05 COME-00 EB-07
FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02
SIL-01 OMB-01 /116 W
-----100741 081041Z /10

O R 081013Z JUL 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 5349
INFO AMEMBASSY BRUSSELS
AMEMBASSY BONN
AMEMBASSY THE HAGUE
AMEMBASSY KINSHASA IMMEDIATE
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY STOCKHOLM

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E. O. 11652: N/A
TAGS: EFIN, CG
SUBJECT: PARIS CLUB MEETING ON ZAIRE, JULY 6-7, 1977

SUMMARY:

AGREEMENT CONCLUDED JULY 7 TO RESCHEDULE ON OBLIGATIONS
SIGNED PRIOR TO JANUARY 1, 1976, 85 PERCENT INTEREST AND
PRINCIPAL FIRST SEMESTER 1977 AND ONLY PRINCIPAL SECOND
SEMESTER 1977. THE 85 PERCENT RESCHEDULED OVER TEN
YEARS WITH FOUR YEAR GRACE PERIOD; THE 15 PERCENT NOT
RESCHEDULED WILL BE REPAID IN THREE EQUAL INSTALLMENTS
BEGINNING 1978. AGREEMENT CONTAINS COMPARABILITY CLAUSE
BUT LANGUAGE NOT AS STRONG AS U.S. DELEGATION WOULD HAVE
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DESIRED. SITUATION FOR 1978 TO BE CONSIDERED AT PARIS
CLUB MEETING IN EARLY NOVEMBER 1977. MEETING WENT
SMOOTHLY AND GOZ PLEASED WITH AGREEMENT.
END SUMMARY

1. CONSENSUS OF CREDITORS REACHED IN MORNING MEETING
OF JULY 6 WAS FOUNDATION OF JULY 7 AGREEMENT:

(A) 1976 ARREARAGES WILL NOT BE RESCHEDULED.

(B) AGREEMENT WILL ONLY APPLY TO 1977. 1978 WILL BE CONSIDERED AT PARIS CLUB MEETING TO BE HELD IN NOVEMBER 1977. WHETHER OR NOT TO RESCHEDULE FOR 1978 WILL BE DEPENDENT ON (1) WHETHER SUFFICIENT DATA IS AVAILABLE IN NOVEMBER, AND (2) WHETHER A COMPARABLE AGREEMENT HAS BEEN CONCLUDED WITH THE PRIVATE CREDITORS. IF RESCHEDULING NOT CONCLUDED IN NOVEMBER, THEN PARIS CLUB MEETING WILL BE HELD IN SPRING OF 1978.

(C) 85 PERCENT OF INTEREST AND PRINCIPAL DUE FIRST SEMESTER AND PRINCIPAL DUE SECOND SEMESTER 1977 WILL BE RESCHEDULED OVER TEN YEAR PERIOD WITH FOUR YEAR GRACE PERIOD.

(D) 15 PERCENT NOT RESCHEDULED WILL BE PAID IN THREE EQUAL ANNUAL PAYMENTS BEGINNING 1978.

(E) CREDITORS DID NOT AGREE TO UNIFORM INTEREST RATE FOR BILATERALS; HOWEVER, CREDITORS WILL MAKE EFFORTS TO CONCLUDE BILATERALS EXPEDITIOUSLY AND WILL CONSIDER CONCLUDING INDIVIDUAL BILATERALS IN PARIS FOLLOWING NEXT PARIS CLUB MEETING.

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(2) IN AFTERNOON SESSION JULY 6, ZAIRIAN DELEGATION REQUESTED FOLLOWING:

(A) RESCHEDULING FOR 1976 ARREARAGES AND PAYMENTS IN 1977 THROUGH 1980.

(B) RESCHEDULING OF 100 PERCENT OF INTEREST AND PRINCIPAL DUE IN 1977.

(C) UNIFORM INTEREST RATE IN ALL BILATERALS AND A COMMITMENT TO A LOWER RATE THAN IN PREVIOUS AGREEMENTS.

3. FOLLOWING ZAIRIAN PRESENTATION, PARIS CLUB CHAIRMAN (PEBEREAU) PRESENTED CONSENSUS OF CREDITORS (PARA 1), WHICH HE DESCRIBED AS AN IMPROVEMENT OF CONDITIONS CONTEMPLATED IN THE 16 JUNE 76 MINUTES AND A COMPROMISE BETWEEN MAXIMUM DESIRES OF ZAIRIANS AND INITIAL POSITIONS OF SOME CREDITORS. EACH DELEGATION THEN STATED THEIR WILLINGNESS TO ACCEPT THE COMPROMISE AS STATED BY PEBEREAU.

ZAIRIAN DELEGATION THEN AGREED TO ACCEPT CREDITORS

CONSENSUS WITH TWO ADDITIONAL POINTS. THE CREDITORS
ACCEPTED THE TWO POINTS AS FOLLOWS:

(A) MINUTES WILL NOTE THAT PARTICULARLY IN VIEW OF

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MARKET CONDITIONS, ZAIRE DESIRES LOWER INTEREST RATES
THAN AGREED TO IN 1976 BILATERALS. (THIS DOES NOT
IMPLY AN OBLIGATION TO ANY CREDITOR.)

(B) ALTHOUGH NO MENTION WILL BE MADE IN THE MINUTES,
CREDITORS WILL EXAMINE AGREEMENT TO BE CONCLUDED BY
THE ZAIRIANS AND PRIVATE BANKERS; AND, SHOULD TERMS
OF SUCH AGREEMENT BE MORE LENIENT THAN TERMS OF AGREE-
MENT WITH OFFICIAL CREDITORS, THEN SUCH FACT WILL BE
TAKEN INTO CONSIDERATION IN 1978 MEETING.

4. LANGUAGE OF COMPARABILITY CLAUSE IN AGREEMENT
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WAS NOT AS STRONG AS U.S. DELEGATION WOULD HAVE WISHED, AS OTHER DELEGATIONS OPPOSED ANY STRONG STATEMENT THAT COULD BE INTERPRETED AS BEING BINDING ON THE NEGOTIATIONS OF THEIR PRIVATE BANKS. HOWEVER, COMPARABILITY STATEMENT IS CLEARLY STRONGER THAN IN '76 AGREEMENT AND IS REFLECTIVE OF INCREASING CONCERN OF PARTICIPATING GOVERNMENTS THAT THERE BE COMPARABILITY IN AGREEMENTS REACHED BY ZAIRE WITH OTHER CREDITORS, BOTH PRIVATE AND PUBLIC. U.S. DELEGATION CONTEMPLATES THAT EMBASSY KINSHASA WILL BE ASKED TO STRESS IMPORTANCE OF THIS PRINCIPLE TO ZAIRIAN OFFICIALS.

(5) JULY 7 MINUTES WERE SIGNED BY ALL PARTICIPATING GOVERNMENTS AND ZAIRE WITH NO RESERVATIONS. UNOFFICIAL ENGLISH TRANSLATION OF AGREED MINUTE WILL FOLLOW SEPTEL FROM WASHINGTON.

(6) U.S. DELEGATION MADE COMMITMENT TO GOZ THAT INFORMATION CONCERNING IMPLEMENTATION OF BILATERAL WILL BE SUPPLIED WITHIN NEXT TWO WEEKS IN KINSHASA.

COMMENT: MEETING WENT SMOOTHLY. PARIS CLUB CHAIRMAN DID EXCELLENT JOB IN ATTEMPTING TO REACH COMPROMISE BETWEEN THE VIEWS OF VARIOUS CREDITOR COUNTRIES AND GOZ. AT RECEPTION EVENING JULY 6, GOZ MINISTER OF DEVELOPMENT TOLD MEMBER U.S. DELEGATION THAT HE WAS QUITE PLEASED WITH THE AGREEMENT.
HARTMAN

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